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ACTING AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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April 30, 2014

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: John Naimo
Acting Auditor-Controller

A handwritten signature in black ink that reads "John Naimo". The signature is written in a cursive style and is positioned to the right of the printed name "John Naimo".

SUBJECT: **DEPARTMENT OF CHILDREN AND FAMILY SERVICES - REVIEW OF TRUST FUNDS**

As part of our ongoing responsibility to ensure the County's resources are safeguarded and that departments comply with County fiscal policy and procedures, we completed a review of the Department of Children and Family Services' (DCFS or Department) trust funds. Trust funds are used to account for money that belongs to other parties or other jurisdictions, to temporarily hold funds until they are transferred to revenue, and to account for restricted donations.

Our review is intended to ensure that DCFS is managing its trust funds in compliance with the County Fiscal Manual (CFM) and other requirements. Our review included interviews with DCFS management and staff, and tests of trust fund transactions and reconciliations. As of September 30, 2013, DCFS had approximately \$20.7 million in 12 trust funds.

Summary of Findings

Our review indicates that DCFS needs to strengthen its controls over trust funds and that the Department has not implemented all of the recommendations from our November 8, 2002 Child Support Trust Account Review. The following are examples of areas for improvement:

- **DCFS needs to work with the Child Support Services Department (CSSD) and the State to determine the accurate Child Support Trust Fund (CSTF) balance.** The CSTF balance is more than \$10 million as of September 2013.

Based on our discussions with CSSD, it appears as much as 80 to 90 percent of DCFS' CSTF balance may not belong there (e.g., should be used to offset foster care costs, returned to the State or federal government, etc.).

DCFS' attached response indicates that the Department and CSSD have been working together to resolve the issue. DCFS indicates they have identified more than \$800,000 that can be sent to the State. The Department will continue to work with CSSD and the State to determine the accurate CSTF balance.

- **DCFS needs to resolve an outstanding CSTF reconciliation variance.** We noted that DCFS does not always resolve outstanding reconciling items, as required by CFM Section 2.3.0. We previously reviewed the CSTF in November 2002 and noted a difference of over \$2 million between the Department's and the County's records (i.e., County's records, CAPS at the time, showed \$2 million more than the Department's records), and recommended that DCFS resolve the variance. Our current review indicates that the unreconciled variance was reduced, but \$1.1 million remains unresolved. DCFS indicates that records are no longer available to formally resolve this difference. DCFS needs to consult with County Counsel to properly disposition this difference.

DCFS' attached response indicates that the Department will work with County Counsel to identify options to appropriately disposition the \$1.1 million.

- **DCFS needs to ensure CSTF monies are returned to former foster care children.** Approximately \$1 million of the CSTF balance is related to approximately 430 cases, dating back to 1998, for former foster care children who are no longer in DCFS' care. This issue was also identified in our 2002 review, but remains unresolved.

DCFS' attached response indicates that the Department sent a list of 430 terminated cases to CSSD for review and assistance. DCFS will disburse the funds based on CSSD's findings. DCFS also indicates that the Department revised its procedures to timely disburse trust fund balances when beneficiaries leave the Department.

- **DCFS needs to individually track Social Security Administration (SSA) payments for each beneficiary, correctly allocate interest earnings, use SSA payments and interest for eligible children, and return accurate amounts of unused benefits and interest to the SSA.** Some children in DCFS' care receive Social Security benefits. The SSA requires DCFS to place the benefits in interest-bearing trust funds and track interest earned for each child. DCFS has two Social Security related trust funds. One trust fund, with a balance of approximately \$1.6 million, is used for monthly SSA benefit payments. The benefit payments in this trust fund can be used to offset foster care and other costs (e.g., children's personal care items, clothing, medical expenses,

etc.). The second trust fund is used for “lump-sum” benefits, which has a balance of approximately \$226,000. The SSA requires DCFS to keep lump-sum payments separate from the monthly benefit payments because lump-sum payments cannot be used to offset foster care costs. Instead, the Department is allowed to use the lump-sum payments for medical treatment, education, job skills training, or other items or services approved by the SSA.

It appears DCFS is using the monthly SSA payments for allowable purposes. However, we noted that DCFS cannot determine the trust fund balance for each beneficiary without extensive manual and labor-intensive calculations and review due to system limitations. This is particularly evident for individuals receiving both monthly SSA and child support payments, as their balances are combined in the system.

Since DCFS cannot readily distinguish the balance attributable to each SSA beneficiary, the Department cannot correctly allocate interest earnings to each beneficiary. We noted that DCFS allocates monthly interest earnings among beneficiaries who receive SSA payments in that particular month, while no interest is allocated to beneficiaries who had existing balances in the trust fund. The trust fund holding monthly SSA benefits has earned \$792,800 in interest since its inception.

DCFS staff indicated that the Department has never used the lump-sum payments for eligible children, and has always returned the funds and interest to the SSA when the children left DCFS’ jurisdiction. We also noted that the Department is returning unused monthly benefits and interest to the SSA when beneficiaries leave their care. However, the amounts DCFS returns to the SSA are likely incorrect due to the misallocation of interest earnings discussed above.

DCFS’ attached response indicates that DCFS will continue to work with their Business Information Systems (BIS) Division to develop reports to identify the trust fund balance by fund type, and determine the feasibility of modifying the existing system to automatically allocate interest. In addition, DCFS will ensure that funds are available to benefit eligible children, and accurate interest and unused benefit amounts are returned to SSA. DCFS indicates that they have been working with SSA and identified approximately \$792,000, which will be returned to SSA by June 2014.

- **DCFS needs to resolve the \$7.2 million balance in its Wraparound Program Trust Fund (WPTF).** DCFS has accumulated more than \$7.2 million in the WPTF since the fund was established in 2005. DCFS established the WPTF to account for funds the Department was accumulating to subsidize a federal funding shortfall for the Wraparound Program. Although a restructuring of funding levels rendered the WPTF no longer needed after 2007, the Department has not taken any action to resolve the WPTF’s residual balance (made up of

60% County and 40% State funds). DCFS indicated that they are developing a plan to use the funds, which may include keeping the State's 40% share, as long as the funds are used for DCFS clients. However, we recommend that the Department work with the Chief Executive Office and County Counsel to determine the proper course of action, notify the Board of the WPTF balance, and seek Board approval, as necessary, before using the funds.

DCFS' attached response indicates that the Department will work with the Chief Executive Office and County Counsel to determine the proper course of action.

- **DCFS needs to ensure grant agreements are current, and that grant funds are used before agreements expire.** We reviewed DCFS' Grant Account Trust Fund and noted that for one (20%) of their five grants, DCFS spent grant funds totaling \$4,300 after the grant agreement expired, even though the grant agreement required that unused funds be returned to the grantor. At the time of our review, DCFS still had \$24,855 in unused funds from this grant. After our inquiry, DCFS subsequently received the grantor's approval to keep the funds. We also noted that DCFS received a grantor's approval to keep unused grant funds for another grant, with a remaining balance of \$231,000, four months after the grant expired.

DCFS' attached response indicates that the Department issued a memo to remind departmental managers to comply with all grant terms and to ensure that all grant agreements are current.

Details of these and other findings are included in the attached report (Attachment I).

Review of Report

We discussed the results of our review with DCFS management. The Department's attached response (Attachment II) indicates general agreement with our findings and recommendations.

We thank DCFS management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

JN:AB:RS:TK:YK

Attachments

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Director, DCFS
John F. Krattli, County Counsel
Public Information Office
Audit Committee

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
REVIEW OF TRUST FUNDS**

Background and Scope

County departments use trust funds to account for monies that belong to other parties or jurisdictions, to temporarily hold funds until they are transferred to revenue, and to account for restricted donations. The Department of Children and Family Services' (DCFS or Department) Bureau of Finance & Administration is responsible for managing the Department's trust funds. As of September 30, 2013, DCFS had approximately \$20.7 million in 12 trust funds.

We reviewed DCFS' compliance with the County Fiscal Manual (CFM) and other requirements over trust funds. Our review included interviews with DCFS management and staff, and reviews of trust fund transactions and reconciliations.

COMMENTS AND RECOMMENDATIONS

Trust Funds/Accounts

CFM Section 2.3.0 requires departments to maintain detailed subsidiary records of trust fund activity, and to reconcile those records to the County's official accounting records (eCAPS) monthly. Staff performing the reconciliations must identify and resolve outstanding reconciling items timely, and the department's chief fiscal or accounting officer must approve the reconciliations. The CFM also requires departments to closely monitor trust fund activity to ensure the funds are being used as intended.

We reviewed a sample of DCFS' trust funds and related trust fund sub-accounts, with combined balances totaling approximately \$20.2 million, and noted the following:

Child Support and Social Security Trust Funds

• **TK7-7147 – Child Support Trust Fund (CSTF) – \$10.6 million**

The State's Department of Child Support Services collects child support payments on behalf of children in foster care, calculates how much should be used to offset foster care costs, and sends applicable collections (i.e., amounts to offset foster care and any remaining funds) to DCFS. DCFS uses the funds to offset foster care costs, based on the State's calculations, and places any child support payments in excess of foster care costs in the CSTF. DCFS can use the CSTF funds for applicable children's clothing, education-related expenses, etc.

After the State implemented its new child support payment system (i.e., Child Support Enforcement or CSE) in 2008, the system erroneously started treating some child support payments as excess funds for the CSTF when they were not. This resulted in excessive funds being deposited into the CSTF. Based on our discussions with the County's Child Support Services Department (CSSD), it appears as much as 80 to 90

percent of DCFS' CSTF balance may not belong there (e.g., should be used to offset foster care costs, returned to the State or federal government, etc.). DCFS should continue to work with CSSD and the State to determine the accurate CSTF balance.

We previously reviewed the CSTF in November 2002, and noted that DCFS had never reconciled its records with eCAPS (or CAPS at the time). We also noted a difference of over \$2 million between the Department's and the County's records (i.e., CAPS showed \$2 million more than the Department's records). We recommended that DCFS identify children with trust balances who are no longer in foster care, develop procedures to reconcile the trust fund, and resolve differences in the account balances.

We noted that DCFS has not implemented all of our recommendations:

- **DCFS did not resolve an outstanding reconciliation variance.** As indicated above, we noted a difference of over \$2 million between the Department's and the County's records in 2002 and recommended that they resolve the reconciling difference. Our current review indicates that the unreconciled variance was reduced, but \$1.1 million remains unresolved. DCFS indicates that records are no longer available to formally resolve this difference. DCFS should consult with County Counsel to properly disposition the excess funds.
- **DCFS has not returned CSTF monies to former foster care children related to terminated cases.** Approximately \$1 million of the CSTF balance relates to approximately 430 cases, dating back to 1998, for former foster care children who are no longer in DCFS' care. This issue was also identified in our 2002 review, but remains unresolved.
- **S6S – Monthly Social Security and Supplemental Security Income Benefits Trust Fund – \$1.6 million**

If a child in DCFS' care is eligible for Social Security and/or Supplemental Security Income (SSI) benefits, DCFS must apply for the benefits on behalf of the child. DCFS can then use the benefits to offset foster care and other costs (e.g., personal care items, clothing, medical expenses, etc.) related to the child. The Social Security Administration (SSA) requires DCFS to deposit the benefit payments into an interest-bearing trust fund, track the payments and interest earned for each child, and return unused funds and interest to the SSA.

Based on our review of expenditures from the S6S trust fund, it appears DCFS used the funds for allowable purposes. However, we noted that DCFS cannot readily determine the trust fund balance for individual beneficiaries without extensive manual and labor-intensive calculations and review due to the Department's system limitations. This is particularly true for individuals receiving both SSA and child support payments since the balances are combined in the system. Without knowing the accurate fund balance for each beneficiary, DCFS cannot reconcile subsidiary ledgers to eCAPS as required.

In addition, since the Department cannot readily determine the balance for each beneficiary, we noted that DCFS is not correctly allocating interest earnings to beneficiaries, which total \$792,800 since the inception of this trust fund. For example, if DCFS receives \$1,000 in interest for one month, DCFS allocates the interest to individuals who received SSA payments in that month, while none is allocated to individuals who had an existing balance in the trust fund. We noted that the Department is returning unused benefits and interest to the SSA when beneficiaries leave their care. However, the amounts DCFS returns to the SSA are likely incorrect due to the misallocation of interest earnings discussed above.

- **S6T – Lump-sum Supplemental Income Benefits Trust Fund – \$225,850**

This trust fund is used for lump-sum payments received from the SSA for accumulated SSI benefits. These payments cannot be used to offset foster care costs, but can be used for medical treatment, education, job skills training, or other items or services approved by the SSA. The SSA requires DCFS to keep lump-sum payments separate from monthly benefit payments (see discussion of S6S trust fund above).

DCFS staff indicated that the Department has never used S6T funds for eligible children, and has always returned the funds to the SSA when the children left DCFS' jurisdiction. Unspent funds returned to the SSA represent a lost opportunity to provide additional resources to children in DCFS' care.

DCFS maintains subsidiary ledgers for this trust fund, but does not reconcile the ledgers to eCAPS on a monthly basis. We noted a variance of \$29,892 between the Department's subsidiary ledger balance (\$225,471) and eCAPS (\$255,363). DCFS needs to reconcile the ledgers to eCAPS monthly and resolve any variances timely.

Recommendations

Department of Children and Family Services management:

1. **Work with the Child Support Services Department and the State to determine the accurate Child Support Trust Fund balance.**
2. **Work with County Counsel to properly disposition the \$1.1 million Child Support Trust Fund reconciliation variance.**
3. **Resolve trust fund balances related to terminated cases, and implement procedures to ensure trust fund balances are disbursed timely when beneficiaries leave the Department's jurisdiction.**
4. **Resolve the system limitation issues, and ensure that Social Security Administration payments are separately tracked for each child. If the system limitation issues cannot be resolved timely, the Department should allocate resources to manually determine the Social Security Administration balance for each child.**

5. Ensure trust fund interest earnings are correctly allocated to beneficiaries and included in their detailed subsidiary records.
6. Ensure unused interest and benefit amounts returned to the Social Security Administration are accurate.
7. Require staff to reconcile detailed subsidiary records to eCAPS monthly as required, and resolve any reconciling differences timely.
8. Ensure Supplemental Security Income funds are utilized to benefit eligible children.

S9J – Wraparound Program Trust Fund (WPTF) – \$ 7.2 million

DCFS contracts with over 30 private, community-based agencies to operate the Wraparound Program, which provides therapy, housing, educational assistance, etc., to children and their families.

Prior to July 1, 2005, Wraparound Program agencies received a flat monthly fee of \$5,994 for each eligible child. For federally eligible children, the federal government, State, and County shared the cost at 50%, 20%, and 30% respectively. For non-federally eligible children, the State and County shared the cost at 40%, and 60% respectively.

In 2005, based on an expected discontinuation of federal funding, DCFS recommended that the County adopt a uniform rate of \$4,184 for each Wraparound Program client, regardless of federal eligibility. With the reduced uniform rate, the County planned to subsidize the federal government's discontinued funding. However, there were less than expected number of federally eligible children to subsidize, and as a result, DCFS accumulated a surplus of approximately \$7.2 million in the WPTF (60% County funds and 40% State funds), excluding interest.

DCFS management indicated that they are developing a plan to use the WPTF balance, and asserted that the County may keep the State's 40% share as long as the funds are used for DCFS clients. The Department should work with the Chief Executive Office and County Counsel to determine the proper course of action, notify the Board of the WPTF balance, and seek Board approval, as necessary, before using the funds.

Recommendation

9. Department of Children and Family Services management work with the Chief Executive Office and County Counsel to determine the proper course of action for the Wraparound Program Trust Fund balance, notify the Board of Supervisors of the fund balance, and seek Board of Supervisor approval, as necessary, before using the funds.

TK7-7123 – Grant Account Trust Fund – \$47,000

DCFS established the Grant Account Trust Fund in August 2000 to hold grant monies for services for children and their families under the Department's care. The grant monies were used to support programs such as those that sought to improve educational outcomes for foster youth, or to fund youth and birth parent engagement activity related costs (e.g., visitation activities, transportation, etc.). The Grant Account Trust Fund has five sub-accounts to separately track each of five grants.

CFM Section 9.2.2 requires departments to use grant funds in accordance with the grant requirements. The grant agreements indicate the grant amount, how the funds can be used, and typically include an expiration date, after which any unused funds should be returned to the grantor.

We noted that DCFS spent \$4,300 of grant funds after a grant expired in 2002, when the grant agreement required that unused funds be returned to the grantor. At the time of our review, DCFS still had \$24,855 of unused funds from this grant. DCFS subsequently received the grantor's approval to keep the remaining funds after we inquired about it.

We also noted that DCFS received a grantor's approval to keep unused grant funds for another grant, with a remaining balance of \$231,000, four months after the grant expired.

Recommendations**Department of Children and Family Services management:**

- 10. Ensure the Department complies with grant terms, and that all grant agreements are current.**
- 11. Obtain written approval from grantors before grants expire to keep unused funds, or return unused funds, as required by grant agreements.**
- 12. Monitor grant activity to ensure grant funds are utilized, as appropriate, prior to the grant expiration date.**

Trust Fund Documentation

CFM Section 2.1.3 requires departments to maintain documentation of the purpose and authority for each trust fund. We reviewed eight DCFS trust funds, and noted that the Department did not maintain the required documents for six (75%) of these funds.

Recommendation

- 13. Department of Children and Family Services management maintain documentation of the purpose and authority for each trust fund.**



**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

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(213) 351-6002

PHILIP L. BROWNING
Director

FESIA A. DAVENPORT
Chief Deputy Director

March 25, 2014

Board of Supervisors
GLORIA BOLA
First District
MARK RIDLEY-THOMAS
Second District
ZEY YAROSLANSKY
Third District
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Fourth District
MICHAEL D. ANTONOVICH
Fifth District

To: **Wendy L. Watanabe**
Auditor-Controller

From: **Philip L. Browning**
Director

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RESPONSE TO THE AUDITOR-CONTROLLER'S DCFS REVIEW OF TRUST FUNDS

Attached you will find the Department of Children and Family Services' (DCFS) responses to the findings and recommendations contained in the Auditor-Controller's Trust Fund Review. We generally agree with the recommendations and have taken appropriate corrective actions to address the recommendations contained in your report.

We appreciate the opportunity to include our response in your report and thank your audit staff for their professionalism and objectivity during this review.

If you have any questions or require additional information, please have your staff contact Cynthia McCoy-Miller, Senior Deputy Director, at (213) 351-5847.

PLB:CMM
RT:lt

Attachment

"To Enrich Lives Through Effective and Caring Service"

**AUDIT RESPONSE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
REVIEW OF TRUST FUNDS**

Recommendation 1:

Work with the Child Support Services Department and the State to determine the accurate Child Support Trust Fund balance.

Response: We agree with this recommendation.

Status: Implemented and ongoing. In June 2012, the Department of Children and Family Services (DCFS) and Child Support Services Department (CSSD) put into place a process to facilitate the accurate identification of child support payments in the DCFS Child Support Trust Fund (CSTF) and to determine those funds that should be applied to foster care recoupment and reallocated between the Federal Government, State, and County. This process involves the following:

- CSSD audits each case to determine where to apply the child support payments and provides the list of cases to DCFS;
- DCFS reconciles the list of cases provided by CSSD against individual DCFS case ledgers on our Integrated Financial System (IFS) to verify the accuracy of the amounts;
- DCFS alerts CSSD of identified discrepancies (if any) for further clarification or research; and
- DCFS Fiscal Claiming Section prepares the Journal Voucher (JV) to move the child support payments out of the DCFS CSTF Account and reallocate these payments based on the Federal, State, and County shares.

As a result of this process, to date, CSSD has provided DCFS Fiscal Operations Division (FOD) with lists identifying over 100 cases totaling more than \$800,000 in Child Support collections for reallocation. In compliance with instructions received from CSSD, DCFS in turn sent to the State the appropriate sums allocated for the Federal and State.

The Department will continue to work with CSSD and the State to determine the accurate CSTF balance.

Recommendation 2:

Work with County Counsel to properly disposition the \$1.1 million Child Support Trust Fund reconciliation variance.

Response: We agree with this recommendation.

Status: Implemented and ongoing. In November 2009, DCFS FOD consulted with County Counsel to obtain a legal opinion regarding transferring these funds to the Treasurer and Tax Collector (TTC) for proper disposition. Subsequently, DCFS FOD submitted a request to the TTC to properly disposition the funds; however, the TTC determined that they were unable to accept the funds because there was not enough information to fulfill the notice requirements of Government Code Section 50050. This appears to be a countywide challenge and the Department continues to collaborate with County Counsel regarding the identification of other possible options as to how to appropriately disposition the \$1.1 million.

Recommendation 3:

Resolve trust fund balances related to terminated cases, and implement procedures to ensure trust fund balances are disbursed timely when beneficiaries leave the Department's jurisdiction.

Response: We agree with this recommendation.

Status: Implemented and ongoing. In December 2012, DCFS FOD submitted the list of 430 terminated cases totaling \$1 million to CSSD for review and identification of trust balances actually belonging to former foster care children. Upon receipt of CSSD findings, DCFS FOD will disburse the funds accordingly.

Additionally, DCFS Finance Manager updated in March 2014 existing procedures that will be used to facilitate the timely disbursement of trust fund balances at the time a beneficiary leaves the Department.

Recommendation 4:

Resolve the system limitation issues, and ensure that SSA payments are separately tracked for each child. If the system limitation issues cannot be resolved timely, the Department should allocate resources to manually determine the SSA balance for each child.

Response: We agree with this recommendation.

Status: Implemented and ongoing. In May 2003, the Department implemented a new web-based Integrated Financial System (IFS). The IFS separately tracks payments for each child via the child's IFS individual ledger. The ledgers also tracks, refund, and offset placement costs and fund balances. When a child is no longer under the jurisdiction of DCFS, the IFS ledger is pulled from the system and funds are returned to SSA in accordance with fund balance information maintained in the ledger. In cases where a child receives both SSA and Child Support benefits, the IFS ledger clearly differentiates between the two payment types and reflecting the associated transactions for each.

The IFS ledgers will continue to be the primary source for all of the detail information for each child receiving benefits. However, DCFS FOD will continue working with our Business Information System (BIS) Division to develop enhanced summary reports to reflect the trust fund balance by funding type.

Recommendation 5:

Ensure trust fund interest earnings are correctly allocated to beneficiaries and included in their detailed subsidiary records.

Response: We agree with this recommendation.

Status: In progress. In April 2012, DCFS FOD put into place procedures for staff to manually allocate and track interest earnings to beneficiaries on a monthly basis using an excel spread sheet. DCFS FOD will continue to work with our Department's BIS Division to determine the feasibility of modifying the IFS system design in order to allow for the allocation of interest within the system and the automatic posting to each child's IFS subsidiary ledger.

Recommendation 6:

Ensure unused interest and benefit amounts returned to the SSA are accurate.

Response: We agree with this recommendation.

Status: Implemented and ongoing. DCFS FOD will continue to ensure that interest and benefit amounts issued to SSA are accurate.

In July 2012, DCFS FOD initiated discussions with SSA regarding the return of all interest earned in the trust account since 1998. Due to the estimated volume of checks, as interest is allocated to all children who received benefits, it was necessary for SSA to request guidance from their central office regarding the best available option for the acceptance of a large volume of checks.

In July 2013, the Department discussed the identification of viable options with the Auditor-Controller (A-C). The A-C suggested the Department continue to work with SSA regarding a resolution. In January 2014, FOD received final resolution from SSA and both departments, SSA and DCFS, are currently conducting a test of the developed process required by SSA. It is anticipated that the interest of approximately \$792,000 will be returned to SSA by June 2014.

Recommendation 7:

Require staff to reconcile detailed subsidiary records to eCAPS monthly as required, and resolve any reconciling differences timely.

Response: We agree with this recommendation.

Status: Implemented and ongoing. DCFS FOD worked with the A-C to obtain the necessary eCAPS reports in order to reconcile and resolve the S&T trust fund variance of \$29,892 between eCAPS and the subsidiary ledgers. FOD will continue to reconcile detailed subsidiary records to eCAPS on a monthly basis and to ensure variances are reconciled timely.

Recommendation 8:

Ensure SSI funds are utilized to benefit eligible children.

Response: We agree with this recommendation.

Status: Implemented and ongoing. The Department's Revenue Enhancement Division currently has a process in place to ensure that SSI funds are available to benefit eligible children. The Children's Social Workers (CSW) are informed via Child Welfare Services/Case Management System (CWS/CMS) case notes when benefits are available for children on their specific caseloads. Additionally, a FYI has been developed for distribution to CSW staff that details the criteria for utilization of Dedicated Account SSI funds. It is important to note funds in this account are restricted to the following:

- Medical Treatment;
- Education or job skills;
- Expenses related to the youth's impairment(s), personal needs assistance, special equipment, housing modification, and therapy or rehabilitation; and
- Other items or services related to the youth's impairment(s) that SSA determines appropriate.

Recommendation 9:

Work with the Chief Executive Office and County Counsel to determine the proper course of action for the Wraparound Program Trust Fund balance, notify the Board of Supervisors (Board) of the fund balance, and seek Board approval, as necessary, before using the funds.

Response: We agree with this recommendation.

Status: In progress. In February 2013, FOD started working with Chief Executive Office (CEO) regarding the Wraparound Program Trust Fund balance. FOD will continue to work with the CEO and County Counsel to determine the proper course of action.

Recommendation 10:

Ensure the Department complies with grant terms, and that all grant agreements are current.

Response: We agree with this recommendation.

Status: Implemented. In March 2014, departmental managers were reminded through a written memorandum, Compliance with Grant Terms and Conditions, of the requirement to comply with all grant terms and to ensure that all grant agreements are current.

Recommendation 11:

Obtain written approval from grantors before grants expire to keep unused funds, or return unused funds, as required by grant agreements.

Response: We agree with this recommendation.

Status: Implemented. In March 2014, departmental managers were reminded through a written memorandum, Compliance with Grant Terms and Conditions, of the requirement to comply with the grant terms related to unused funds.

Recommendation 12:

Monitor grant activity to ensure grant funds are utilized, as appropriate, prior to the grant expiration date.

Response: We agree with this recommendation.

Status: Implemented. In March 2014, departmental managers were reminded through a written memorandum, Compliance with Grant Terms and Conditions, of the requirement to monitor grant activity in order to ensure that funds are utilized prior to the grant expiration date.

Recommendation 13:

DCFS management maintains documentation of the purpose and authority for each trust fund.

Response: We agree with this recommendation.

Status: Implemented. DCFS FOD implemented a process in February 2014 which requires documentation of the purpose and authority for each trust fund and will continue to maintain this information.